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FISCAL IMPACT STATEMENT

LS 7705

BILL NUMBER: HB 1137

NOTE PREPARED: Feb 8, 2005

BILL AMENDED: Feb 7, 2005

SUBJECT: Office of Technology.

FIRST AUTHOR: Rep. Murphy

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *(1)(a) and (b)*: This bill creates the Office of Technology by combining the duties performed by the Division of Information Technology of the Department of Administration, the Information Technology Oversight Commission, and the Intelenet Commission, including the Enhanced Data Access Review Committee. The bill transfers to the new office the duties, rules, personnel, funds, and equipment of the combined entities. This bill makes conforming changes. It also repeals the statutes establishing the State Information Technology Oversight Commission, the Information Technology Advisory Committee, the Intelenet Commission, a definition of intelenet in the public purchasing law, and a reference to the Intelenet Commission in the law concerning immunity.

(2) The bill creates the Information Technology Leadership Council to advise the Chief Information Officer.

(3) It provides that the Office of Technology assist political subdivisions in coordinating operations of information technology systems.

(4) The bill creates the Assistive Technology Standards Implementation Group to assist the Chief Information Officer in developing accessibility standards.

(5) This bill provides that the Chief Information Officer of the Office of Technology participates in decisions made by the Higher Education Telecommunications System.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) *Summary:* The overall fiscal impact of this legislation is estimated to be minimal. The provisions of this bill have been divided into four sections. The fiscal impact of each section is explained below:

(1) (a) *General Reorganization:* The cost of this general restructuring is expected to be limited. The transition is not expected to necessitate the hiring of additional support staff or require additional office space.

(b) *New responsibilities for State Agencies:* The possible increase in administrative costs that may result from these new responsibilities could presumably be covered through the use of existing staff and resources.

(2) *Information Technology Leadership Council:* Any administrative costs as a result of establishing this Council are presumed to be able to be covered through the use of existing staff and resources.

(3) *Office of Technology assistance to Political Subdivisions:* The provisions of this bill relating assistance to political subdivisions will have an indeterminable administrative cost impact. The administrative costs will ultimately be determined by the administrative actions taken by Office in complying with these provisions. There also will be an indeterminable impact on the County Assessors (See Local Expenditures).

(4) *Assistive Technology Standards Implementation Group:* This group is established to assist the CIO in developing accessibility standards. Any fiscal impact is expected to be covered through the use of existing staff and resources of the agencies required to be represented.

(5) *Indiana Higher Education Telecommunication System (IHETS):* It is estimated that any revenue lost, from a private entity finding another provider, would be made up by the cost savings in not having to provide services to that entity any longer.

Background Details: The following is a more detailed description of the sections discussed above.

(1)(a) *General Reorganization:* The Office of Technology, created in this bill, will combine the rules, personnel, funds, and equipment of four existing entities:

- (1) the Department of Administration's Division of Information Technology;
- (2) the Information Technology Oversight Commission;
- (3) the Intelnet Commission; and
- (4) the Enhanced Data Access Review Committee (EDARC).

The cost of this general restructuring is expected to be limited. The transition is not expected to necessitate the hiring of additional support staff or require additional office space. This bill provides that the Governor appoints the Chief Information Officer (CIO) of the Office.

The December 7, 2004, state staffing report indicates that the Department of Administration's Division of Information Technology (DoIT) currently has 119 positions filled, and approximately 43 vacancies. The Information Technology Oversight Commission (ITOC) has 7 positions, of which 5 are filled. The Intelnet Commission has 45 authorized positions, of which 35 are filled.

The Intelnet Commission provides administrative staff for the EDARC, whose membership is as follows:

- (1) The State Budget Director or the director's designee.
- (2) The Commissioner of the Indiana Department of Administration or the Commissioner's designee.
- (3) A liaison from the Governor's office.
- (4) The Director of the State Library or the Director's designee.
- (5) The Director of the Commission on Public Records or the Director's designee.
- (6) The Attorney General or the Attorney General's designee.
- (7) Three individuals who are members of the general public appointed by the Governor for three-year terms.

DoIT is funded through the Data Processing Rotary Fund and the Telephone Rotary Fund. Revenue to these rotary funds comes from fees assessed on state agencies. During the FY 2004 - FY 2005 biennium, DoIT is budgeted approximately \$59,587,500 each year. DoIT also receives an annual \$2.18 M appropriation from revenue to the state's Pay Phone Account.

ITOC receives a General Fund appropriation. During the current biennium, ITOC was budgeted \$663,403 each year. The bill specifies that the FY 2006 appropriation to DoIT and to ITOC are transferred to the Department of Information Technology beginning July 1, 2005.

The Intelnet Commission is a body corporate and politic, and not supported by state appropriations. As of July 2004, the CY 2004 year-to-date net income for the Commission was \$885,308. The Commission's net income for CY 2003 was approximately \$1.3 M, and for CY 2002 was approximately \$3.3 M.

(1)(b) New Responsibilities for State Agencies: This bill also requires that all included state agencies* shall use the information and telecommunications services provided by the Office. The agencies that are included in this provision are also required to submit all budget requests relating to information technology to the CIO for review. Any increase in administrative costs that result from this provision could presumably be covered through the use of existing staff and resources.

*The legislative and judicial departments of state government, state educational institutions, and the Indiana Higher Education Telecommunications System are not required to, but may with consent of the CIO, use the Office's services.

(2) Information Technology Leadership Council: This bill also establishes the Information Technology Leadership Council. The Council consists of the following members:

- (1) the CIO of the Department who shall serve as chair.
- (2) the Attorney General (AG) or the AG's designee.
- (3) the Auditor or the Auditor's designee.
- (4) The Director of the Budget Agency or the Director's designee.
- (5) The Commissioner of the DOA or the Commissioner's designee.
- (6) The state Superintendent of Public Instruction or the Superintendent's designee.

The bill charges the Council with the duty of establishing a reasonable fee for enhanced access to public records and other electronic records. The bill provides that the fee is to be sufficient to develop, maintain, operate, and expand technology services. Any administrative costs as a result of establishing this Council are presumed to be able to be covered through the use of existing staff and resources.

(3) Office of Technology assistance to Political Subdivisions: The provisions relating to this assistance would allow the Office, if it chooses, to facilitate an effort among political subdivisions to establish policies to promote economical, effective, and integrated technology services. The bill requires that the certified computer systems used by county assessors must be compatible with the data export and transmission requirements prescribed by the Office of Technology.

The provisions of this bill related to providing assistance to political subdivisions will have an indeterminable administrative cost impact. The administrative costs will ultimately determined by the administrative actions taken by Office in complying with these provisions.

(4) Assistive Technology Standards Implementation Group: This group is established to assist the CIO in developing accessibility standards. Any fiscal impact is expected to be covered through the use of existing staff and resources of the agencies required to be represented. There is currently a similar group provided for in IC 4-23-16-12, and therefore the impact of establishing this new group is expected to be covered through the use of existing staff and resources.

(5) Indiana Higher Education Telecommunication System (IHETS): This bill also provides that any private entity, in order to use telecommunication services as provided by the IHETS, must prove that no other provider is available, or that using another provider would create a hardship on the entity seeking services. This provision is expected to have little impact on the IHETS. It is estimated that any revenue lost, from a private entity finding another provider, would be made up by the cost savings in not having to provide services to that entity any longer. The bill also provides that the CIO shall be a member of the IHETS board.

Explanation of State Revenues:

Explanation of Local Expenditures: *(3) Office of Technology assistance to Political Subdivisions:* This bill replaces the Department of Local Government Finance (DLGF) with the Office as the entity with which County Assessor certified computer systems must be compatible. Currently IC 6-1.1-31.5-3.5 requires that County Assessor certified computer systems be compatible with a standard format prescribed by the DLGF. This bill would require the systems to be compatible with a standard format prescribed by the Office. The impact of this provision is indeterminable. The ultimate cost to the County Assessors will be determined by the format prescribed by the Office, and the possible cost for the Assessors to become compatible with a different format.

Explanation of Local Revenues:

State Agencies Affected: Department of Administration; Information Technology Oversight Commission; Intelenet Commission; Enhanced Data Access Commission; State Commission on Public Records; Indiana Higher Education Telecommunications System; all other included state agencies.

Local Agencies Affected: All; County Assessors.

Information Sources: Auditor of State; State Budget Agency.

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